

CITY OF ALAMO HEIGHTS
CITY COUNCIL
May 18, 2009

A special meeting/work session of the City Council of the City of Alamo Heights, Texas was held at the Council Chambers, 6120 Broadway, at 8:30 a.m. on Monday, May 18, 2009.

Present and composing a quorum were:

Mayor Louis Cooper
Mayor Pro-Tempore Jill Souter
Councilman Stan McCormick
Councilman Bobby Rosenthal
Councilman Bill Kiel
Councilwoman Susan Harwell

Also attending were:

City Manager Rebecca Waldman
City Attorney Mike Brenan
Assistant City Manager/Public Works Director Shawn P. Eddy
Assistant to City Manager/Information Technology Manager Marian Ramirez
Finance Director Cynthia Barr
Community Development Director Ann McGlone
City Secretary Jennifer Reyna

Absent were:

Human Resource Manager/Deputy City Secretary Judith E. Surratt
Police Chief Rick Pruitt
Fire Chief Bill Hagendorf

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Mayor Louis Cooper opened the meeting at 8:40 a.m.

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City Manager Rebecca Waldman opened the City Council work session by outlining the financial options for the proposed new City Hall Complex and the different timelines for each of the financing options. She stated the two main options are Certificates of Obligation and General Obligations. Ms. Waldman also informed Council that the schematic drawings are being completed by Lake/Flato Architects.

Councilman Bill Kiel emphasized the importance of selecting the type of funding that is best for the City and the citizens. If the Certificates of Obligation funding option is selected, a decision must be made prior to or at the June 15th work session for presentation and consideration at the June 22nd City Council meeting. This timeline allows only two weeks for the Cost Estimator and the Construction Manager-At-Risk to provide an estimate for the June

15th work session. If General Obligation bonds are selected, the team would have an additional two months to work on cost estimates and design development.

Councilman Bill Kiel and Mayor Pro Tem Jill Souter asked Tom Spurgeon, Bond Counsel, McCall, Parkhurst and Horton L.L.P., Bond Counsel, the difference between General Obligation bonds and Certificates of Obligation and if there are any advantages to either option. Mr. Spurgeon stated that there are certain criteria to meet for General Obligation bonds and they typically require separate propositions for each project but in this circumstance it will be one proposition for a City Hall Complex. General Obligations bonds require a bond election for authorization, are issued for any public purpose not to exceed 40 years and are secured by issuer's credit and ad valorem taxing power. Certificates of Obligation do not require a bond election, but if a petition signed by 5% of eligible voters is submitted then the City would be required to call for an election to issue the certificates. Certificates of Obligation are secured by ad valorem tax and revenue pledge. Both funding options typically attract low interest rates.

Assistant City Manager/Public Works Director Shawn P. Eddy recommended that the City Council call an election at the 2nd Council Meeting during August if they elect to utilize General Obligations bonds. Mr. Eddy informed Councilmembers that some consultants could stop work in late August and resume in November, however, recommended that Lake/Flato Architects and Project Control be able to continue working. Project Control agreed to calculate the approximate costs for continuing or stopping work during this period.

The Councilmembers discussed the inconvenience and likely costs related to consultants needing to stop work. Mayor Pro Tem Souter asked if the City may lose subcontractors during a two month holding period. Laura Anthony, Project Manager with Project Control, stated that it is difficult to place contractors in a holding pattern because they really cannot be assigned to other projects. Mr. Eddy noted that the \$600,000 in 2007 Certificates of Obligation is currently estimated to last until November or December 2009.

There was discussion among the Councilmembers regarding cost estimates, process and timing. If proceeding with General Obligations, a cost estimate in July would be ideal. Ms. Waldman requested a special work session to be scheduled in early July to review cost estimates and suggested scheduling an additional work session in mid August to discuss cost re-estimates and coordination with First Southwest Company.

The Councilmembers expressed the need for the City to host tours of the current facilities due to the fact that citizens may not be aware of the poor condition of the facilities, crowdedness and the lack of adequate sleeping quarters for the firefighters. Mayor Cooper suggested that staff develop and place a virtual tour of the city facilities on the website. Councilman Kiel recalled that the 1965 City of Alamo Heights Master Plan specified to replace the city facilities. Councilman Bobby Rosenthal emphasized the need to notify citizens of the current space issues.

Mayor Pro Tem Souter asked Anne B. Entrekin, Managing Director, First Southwest Company, if conducting an election for citizens to vote on General Obligations might have any negative fiscal impact on the City. Ms. Entrekin responded that currently there is no negative fiscal impact with either option. She stated that at this time it is an excellent opportunity for

municipalities to enter the capital market, however, the time to sell the bonds is unpredictable, as no one can predict the market.

Mayor Cooper asked Mr. Spurgeon what the City could do if an election for General Obligations failed. Mr. Spurgeon replied that another election may be called in May 2010. There was a discussion among the Councilmembers on the types of risks the municipality may encounter.

Margaret Spencer, 140 Patterson Avenue, stated that she would like to vote to decide funding of the proposed city facilities.

John Joseph, 206 Joliet Avenue, asked Ms. Entrekin about the status of the financial market in regard to bond financing.

Ms. Entrekin responded by describing the favorable conditions of the bond market and stated that she was cautiously optimistic that the conditions would be favorable during the timeframe the City was planning to sell general obligation bonds.

Tony Cantu, reporter, asked if the new facilities would be in compliance with the Americans with Disabilities Act (ADA).

Ms. Waldman replied that the proposed city facilities design will meet all ADA requirements.

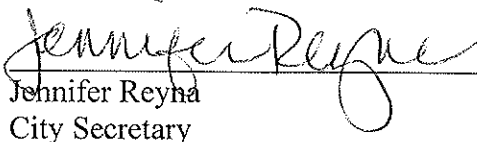
Councilman Kiel recommended to Councilmembers and City Staff that the City proceed with the design of the facilities and recommended that the City utilize general obligation bonds to fund the proposed city facilities if the City elects to proceed with the project. Mayor Cooper and the Councilmembers agreed with the recommendation and directed the City Manager to place an item on the May 26 agenda for the City Council to take official action on the matter.

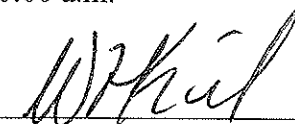
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Mayor Cooper adjourned the meeting/work session at 10:00 a.m.


Jennifer Reyha
City Secretary



Bill Kiel
Mayor Pro-Tempore